

Statistical Reliability

Statistics based on samples are subject to error. The amount of sampling error can be estimated using standard tables based on the size of the sample and the statistic being examined. (Tables are included in the Appendix.)

Overall, a disproportionate sampling method was used to provide equal numbers of interviews (precision) for each company; however, Pacific Bell customers outnumber GTE by about 4 to 1. While the unweighted bases (actual numbers of persons interviewed) are shown, some adjustment needs to be made for the fact that in statistics reflecting total customers, the Pacific Bell percentages are getting a weight of about two. As a rough guideline for evaluating precision of the data, one can use one-half of the unweighted total base for estimating sampling error. (This only applies to findings where the two companies are combined; for examining each company, one can use the unweighted base shown on the table.)

Scope of the Reporting Effort

It is not possible, within the scope of this particular effort, to pursue all of the many opportunities for analysis and description afforded by such a large database. Instead, this report focusses on those data that have a direct bearing on the stated objectives of this research, viz. to explore the affordability of telephone service and to assess awareness of ULTS, penetration of ULTS (among those who would qualify) and interest in having ULTS (among those who qualify, but do not have). The data were tabulated by a number of key variables, not all of which are specifically examined for this report. Copies of the statistical tabulations as well as a fully documented data tape were delivered, under separate cover, to each telephone company.

Summary Highlights

Perceived Affordability of Telephone Service

Most customers (89%) say telephone service is “easy” for them to afford: 62% “very” easy, 27% “somewhat” easy. 4.1*

One in ten (10%) finds it difficult to afford. 4.1

12% of all residential customers have had financial difficulty paying their telephone bill: 6% at least “somewhat” often. 4.1

Hispanic, Black and Korean customers are more likely than others to have ever had financial difficulty paying their telephone bill: 19%, 20% and 22% respectively (7%, 12% and 6% respectively have such difficulty at least “somewhat” often). 4.1

21% of Universal Lifeline Telephone Service (ULTS) subscribers have had financial difficulty paying their telephone bill: 10% at least “somewhat” often. 4.3

* Refers to tables in the detailed discussion of the findings

Those who find it difficult to afford have significantly higher average monthly bills (including long distance) than those who find it somewhat or very easy to afford: \$85 vs. \$63 and \$57 respectively.

At the same time, those who find phone service difficult to afford have lower incomes, larger households and are less likely to be employed full-time than those who find it easy to afford. They tend to be just slightly younger on average, are more likely to rent and move more often than those who find it easy to afford.

Thus, it is a combination of their lower incomes and their higher reported average telephone bill that makes telephone service harder for these households to afford.

Those who find it difficult to afford not only report higher average monthly telephone bills, but a higher percentage of their average monthly bill is long distance charges (as compared to those who find it easy to afford). Long distance charges are a major component of their reported higher average monthly bills, and, while their IntraLATA usage and basic service costs are also higher (than those who find it easy to afford), the major difference in size of bill is the long distance (IEC) charges.

Field Research Corporation

Customers who have any of the Custom Calling Services (CCS) report a higher incidence of difficulty paying their phone bill than those who do not have these services: 16% of those who have CCS have had difficulty paying their bill vs. 8% among those who do not have CCS. Hispanic and Black customers who generally find it most difficult to afford phone service are also the most likely to have CCS.

4.7A
4.4A
1.27

While perceived affordability decreases with increasing average monthly bill size, the majority of customers, regardless of their average monthly bill size, say is it easy for them to afford telephone service and do not report having financial difficulty doing so. So, in some respects, affordability is in the mind of the individual. A breakdown of perceived affordability by average monthly bill size shows there is a break point at about \$40 or so: fewer than 10% of those who have average monthly bills of under \$40 report any difficulty paying. At \$50 and above, the percentage reporting financial difficulty paying the bill increases to the 15%/20% level. At these amounts, there is a higher percentage of long distance charges as well.

4.7B
4.6B

Most ULTS subscribers rate telephone service easy to afford and have not had any financial difficulty paying their telephone bill. While they find it a little less easy to afford than those with regular rate service, the differences are not large. As a group, ULTS subscribers pay less for basic service (company records and respondent testimony); they also pay lower IntraLATA charges (company records).

4.3
4.7A
3.14

Those who qualify for ULTS but do not have it have larger telephone bills than ULTS subscribers (about the same size as those on regular rate service). However, despite this, they have no more reported difficulty paying their telephone bill than their lower income counterparts who are ULTS subscribers. Thus, within the ULTS qualified group of customers, those who have ULTS find telephone service no easier to afford than those who do not have ULTS (the qualified/don't have), but the ULTS subscribers do have lower basic service charges and report slightly lower charges for calls.

4.5
4.3

Things that Make Telephone Service Difficult to Afford

When asked what makes telephone service difficult to afford, the most often cited reason, by far, is the cost of calls within the U.S. (60% cite this). Next in rank order of mention are: tendency to talk a long time (42%), basic monthly service (31%), can't control number of calls (28%), extra cost of calls outside the U.S. (26%), can't control who uses (18%), added cost of CCS (11%) and 900 number calls (3%). (List of reasons was read to respondents. They could select more than one.)

4.8

These reasons vary significantly by ethnicity and race: For Hispanic and Korean customers, the highest ranking reason is cost of calls outside the U.S. For Chinese customers, the cost of basic monthly service ranks higher than among other groups. For Black, White and Vietnamese customers, the highest ranking reason is cost of calls within the U.S. (for Vietnamese, this ranks equally with the cost of calls outside the U.S.).

4.8

ULTS Penetration

ULTS penetration is higher among Pacific Bell customers (21%) than among GTE customers (11%). 2.1

GTE has just slightly fewer customers who qualify for ULTS than does Pacific Bell: 21% vs. 24% (difference is significant at .06 level). 2.2

GTE has more customers who qualify for it and do not have it than does Pacific Bell: 13% vs. 9% respectively of each company's total residential customer base qualify for ULTS but do not have it. Hereinafter these are referred to as "qualify/don't have". 2.4

Among those who qualify for ULTS, ULTS penetration is highest among Chinese, Hispanic and Vietnamese qualified customers (66%, 66% and 65% respectively). 2.4
Penetration drops to 55% among qualified White customers and 40% among qualified Korean customers. It is lowest among qualified Black customers (38%). ULTS penetration is 70% among low income seniors.

ULTS Awareness

76% of residential customers "know of" ULTS, i.e. either have heard the name AND are able to say what it is (48%) or are aware of a special service for lower income customers (29%). 2.6

"Know of" ULTS is highest among Hispanic customers (86%) and lowest among Black and Korean customers (68% and 65% respectively). 2.6

"Know of" ULTS is about the same for GTE and Pacific Bell: 74% and 77% respectively. 2.6

The majority (69%) of those who qualify for ULTS but do not have it know of ULTS. 2.7
However, 29% of the qualified/don't have are unaware of ULTS. Knowledge of ULTS among the qualified/don't have varies considerably by ethnicity/race, e.g. from a high of 76% among Hispanics to 51% among Blacks.

Awareness of "Custom Calling Services like Call Waiting or Call Forwarding" is higher than awareness of ULTS among White, Black and Korean customers. 2.8

Reasons Don't Have ULTS (among qualified/don't have)

First, as shown above, the majority of the qualified/don't have are aware of ULTS so the reason they don't have it is not due to lack of awareness of its availability. Most of these aware/qualified/don't have have never tried to get it. A variety of reasons are given but they center on two perceptions: (a) they don't think they would qualify and (b) they don't feel they need it because they can afford regular rate service.

2.9
2.11

About one in three (29%) of the qualified/don't have is not aware of ULTS; this increases to 49% among Black qualified/don't have.

2.7

Interest in ULTS (among qualified/don't have)

After being told "you would still pay whatever you do now for calls, (but) save about (dollar amount)¹ per month (on the basic rate)" 58% said they would sign up for it; 34% said they would not and 8% were uncertain. Only a minority (38%) thought it would make phone service "much easier" to afford, but another 38% thought it would make it "a little easier" to afford, leaving only 17% who said it would not make it easier to afford and 8% who could not say.

2.12

Interest in ULTS among the qualified/don't have is highest among Hispanic, Black and Vietnamese customers (70%, 69% and 66% respectively) and lowest among White and Korean customers (48%, 50% respectively). Interest is 63% for Chinese, 59% for low income seniors.

2.12

¹ For GTE, savings are \$5.00 (flat rate) or \$3.62 (measured rate).

For Pacific Bell, savings are \$5.17 (flat rate) or \$3.22 (measured rate)

Interest in Call Control Service (All Residential Customers)

Overall, only 18% of the residential customers express interest in a service that would help them control the calls that cost extra — the large majority (78%) are not interested in this. 2.14

Interest is higher among some groups of customers than others: 28% Hispanic, 25% Black, 29% Chinese and 25% Vietnamese customers are interested vs. 13% White, 14% Korean, and 17% low income seniors. In general, the groups having earlier expressed highest levels of concerns about extra calls are the most interested in it. (It should be noted that Hispanic, Chinese, Korean and Vietnamese customers are especially concerned about calling outside the U.S. — the description of call control did not specify which types of calls (i.e. intraLATA, long distance), only that it would “control the calls that cost extra”. Respondents probably interpreted that as including any type of call that costs extra.) 2.14
4.8

2.16
ULTS subscribers are more interested in call control than others: 26% interested vs. 18% interested among all residential customers. Interest is especially high among those who qualify for ULTS but do not have it: 37% of this group are interested. In both cases, the higher interest is probably due to the larger proportions of Hispanic and Black customers in the ULTS subscriber and qualified/don't have groups. (These customers are especially concerned about cost of calls.)

Experiences with Telephone Company

Most customers have “usually had” telephone service as adults but the percentage who have “usually had” it as children varies significantly by ethnicity/race: 85% White, 78% Black, 76% Korean, 71% Chinese, 49% Hispanic and 31% Vietnamese customers usually had telephone service as children. (50% low income seniors.)

5.1

11% report ever having had telephone service disconnected by the telephone company. This varies from a high of 24% among Black customers to 13% among Hispanic customers, 10% among White customers, 6% among Korean customers, 5% among Vietnamese customers and 3% among Chinese customers. (6% low income seniors)

5.4

About half (46%) of the customers who have had a company disconnect say they called the phone company to talk about it. Slightly less than half (44%) were aware they could arrange to pay the amount due on an installment plan — 56% were not aware of this. Those aware of the installment option are about as likely to have called as those not aware indicating that awareness of the option did not substantially increase likelihood of calling.

5.7
(and
facing
text)

The large majority of customers express satisfaction with how the phone company has responded to their requests: 91% satisfied.

5.15

The large majority of customers also say it is “very easy” for them to call the phone company (80%) and another 12% say it is “somewhat easy” leaving only 4% who say it is difficult. All three groups of Asian customers, especially Koreans, are less likely to say it is easy for them to call the phone company than others.

5.10

Language difficulties are often cited by Asian customers who say it is difficult for them to call the telephone company.

5.13

About Language Preferences When Dealing With Phone Company

Hispanic customers make up 19% of the total residential customer base. They represent 23% of GTE's customers and 18% of Pacific Bell's customers.

1.1
3.1

Roughly half of the Hispanic customers preferred to be interviewed in Spanish and are, therefore, classified as "language dependent" (LD). LD Hispanics represent 9% of GTE's customers and 9% of Pacific Bell's customers.

1.1
3.1

Most LD Hispanic customers express some level of discomfort when speaking English; only 11% are "very comfortable" doing so.

1.4

Almost half (48%) of Hispanic customers prefer to use Spanish when calling the phone company; 37% of GTE and 50% of Pacific Bell Hispanics prefer Spanish when calling the phone company.

1.6

89% of Hispanic customers are aware the phone company has Spanish speaking representatives (84% GTE, 91% Pacific Bell). Awareness is even higher among LD Hispanics: 97% aware.

1.9

In total, Asian customers represent 4% of GTE's and 7% of Pacific Bell's total residential customers. 1.2

Chinese customers represent slightly more than 1% of GTE's customers and about 2% of Pacific Bell's customers. 1.2

58% of Chinese customers preferred to be interviewed in their native language and are, therefore, classified as "language dependent" (LD). 1.3

LD Chinese customers do not have the same degree of difficulty with English as Hispanics; some (30%) are "very comfortable" speaking English, but the majority of the LD Chinese are not entirely comfortable with English. 1.4

Only 23% of GTE's Chinese customers but 47% of Pacific Bell's Chinese customers prefer to use their native language when calling the phone company. 1.6

44% of GTE's Chinese customers and 71% of Pacific Bell's Chinese customers are aware the phone company has service representatives who speak Chinese (lower than awareness of Spanish speaking representatives). 1.9

Korean customers represent less than 1% of either company's total residential customers.	1.2
Almost all (94%) Korean customers preferred to be interviewed in Korean and are, therefore, classified as "language dependent" (LD) in this study.	1.3
LD Korean customers are less likely than Hispanics to say they are "very uncomfortable" speaking English, but only 15% say they are "very comfortable" speaking English. Thus, while many speak English, the majority are not entirely comfortable doing so.	1.4
65% of Korean customers prefer to use their native language when calling the phone company; another 23% have no preference. Only 11% prefer English.	1.6
48% of GTE's Korean customers and 84% of Pacific Bell's Korean customers are aware the phone company has representatives who speak their native language.	1.9
Vietnamese customers represent less than 1% of either company's total residential customer base.	1.2
Almost all (96%) Vietnamese customers preferred to be interviewed in their native language and are, therefore, classified as "language dependent" (LD).	1.3
LD Vietnamese customers do not have the same degree of difficulty with English as Hispanic customers; some are "very comfortable" speaking English (36%), but the majority of the LD Vietnamese are not entirely comfortable with English.	1.4
48% of Vietnamese customers prefer their native language when calling the phone company; 38% have no preference. Just 11% prefer English.	1.6
60% of GTE and 82% of Pacific Bell Vietnamese customers are aware the phone company has service representatives who speak Vietnamese.	1.9

Perceptions of Special Requirements to Get Phone Service

While the majority of customers do not think any of the following items are required to get telephone service, there are substantial minorities who think at least some of these things are required, e.g. 30% think one needs a Social Security Card, 29% think one needs a good credit rating, 22% a job, 18% a California Driver's License, 9% a certain income level, 9% a U.S. citizen and 7% a bank account. 5.21

Hispanic, Black, and Asian customers are more likely than White customers to think a Social Security Card is a requirement: 51%, 49%, 41% vs. 21% respectively. They are also more likely than White customers to think a California Driver's License is required: 33%, 36%, 28% vs. 11% respectively. Only relatively small groups of Hispanic or Asian customers think one needs to be a U.S. citizen, and they are no more likely than White customers to think this. 5.21

Conclusions and Implications

The Customer Survey is most useful in providing guidance for making telephone service more affordable to those who have it but at least sometimes have some difficulty affording it. This study shows that it is a combination of the cost of calls (local, long distance and international) and lower incomes (ability to pay) that is the most important variable affecting affordability. Those who find it most difficult to afford have lower incomes but, at the same time, have the highest average monthly bills and the highest proportion of long distance charges. Thus, this study supports the findings from the Non-Customer study, viz. that finding ways to help customers better control the extra cost of calls is likely to do the most to make telephone service more affordable and keep customers on the network (thereby improving penetration over time).

The study also finds that most customers, regardless of the size of their monthly bill, feel telephone service is affordable. This suggests that most customers use some type of self-regulation to keep their telephone service within their notion of what is affordable. Those who find it difficult (mostly lower incomes, higher average monthly bills) apparently are not as successful doing this. Thus, there is a need to help those who now find it difficult to afford telephone service to keep their bills within what would be affordable to them. That involves education with respect to what they can afford on basic service (perhaps reducing the extras like CCS) and providing some means for them to better monitor the extra charges for calls (call control service).

About ULTS

While awareness of ULTS is generally high, there are some groups where awareness is relatively low, viz, among Black customers who don't have but qualify for ULTS (only 51% aware). Also, GTE's ULTS penetration is lower than Pacific Bell's despite an almost equally high percentage of customers who would qualify. This suggests GTE may need to do more to increase ULTS penetration among those who qualify for it.

At the same time, the study suggests that among those who qualify for ULTS, having ULTS does not substantially improve perceived affordability—ULTS subscribers find it no more affordable than qualified, non-subscribers. Other findings also suggest that simply offering a lower basic rate does not make telephone service more affordable in the long run—it is the cost of extra calls that causes difficulties in paying the telephone bill and, in some cases, having to drop off the network.

About Cost of Calls

The cost of calls, within the U.S. and, for some groups, outside the U.S., is the single most often cited reason for finding telephone service difficult to afford. Interexchange carrier charges represent a significant percentage of the bills, including those of ULTS subscribers. These charges should be addressed in efforts to make telephone service more affordable.

About Custom Calling Services

There are some indications in the data that having CCS also contributes to difficulties in affording telephone service. While almost all customers say they know these services are optional and that they pay extra for them, those who have CCS find service less affordable than those who do not. CCS penetration is particularly high among those groups who see telephone service as difficult to afford. It is also equally high among ULTS qualified customers (subscribers and non-subscribers) as among the total residential customer base. While difficulty paying for telephone service is very much due to cost of calls, the added cost of CCS is a contributing factor. Whether customers can be persuaded to take just the basic service without CCS is not known; what is known is that it could help make telephone service more affordable for customers who already have difficulty paying their telephone bill (thus keeping customers on the network).

Other Findings

There is a fairly widespread belief that a Social Security Number/Card is needed to get telephone service among Hispanic, Black, Chinese, Korean and Vietnamese customers. On the one hand, this belief among customers did not prevent them from getting it; however it does help to perpetuate the belief in the community. The Non-Customer Survey shows this may be a factor (albeit probably small) in preventing some people from trying to get telephone service; thus, greater efforts should be made to educate the communities to the facts about what is needed to get telephone service.

The Findings in Detail

Chapter 1.0 Descriptive Profiles of Residential Customers (by Company, Ethnicity/Race)

Profiles residential customers on the following:

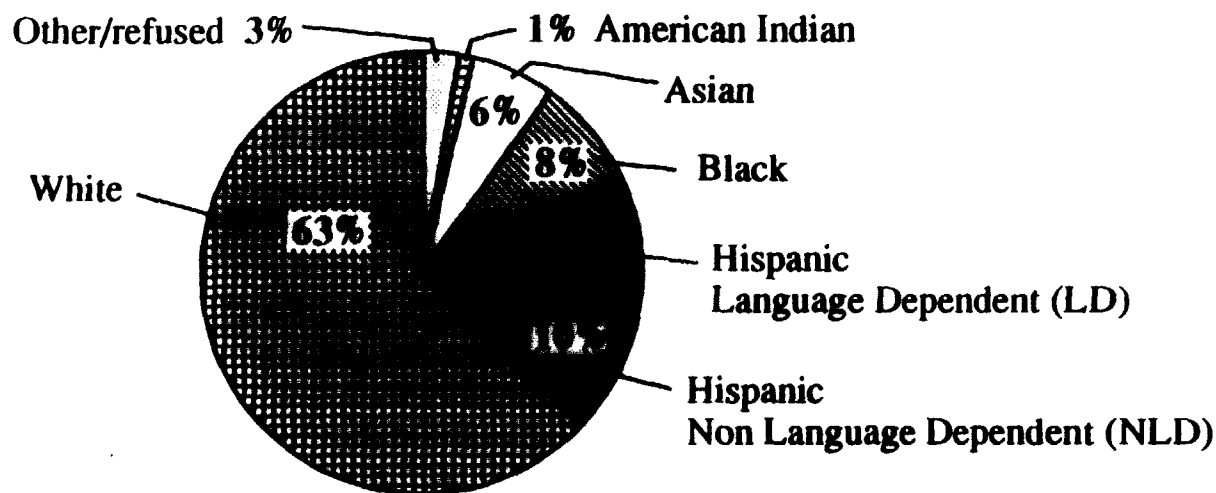
Ethnic/racial makeup of each company's customers
Language dependency and preferences (Hispanic, Asian)
Country of origin, length of time in U.S. (Hispanic, Asian)
Household income and number of dependents
Family size, composition
Number of families
Presence of person(s) with disability
Education, employment status (respondent)
Age, marital status
Residence characteristics
Mobility

Also shown for each group --

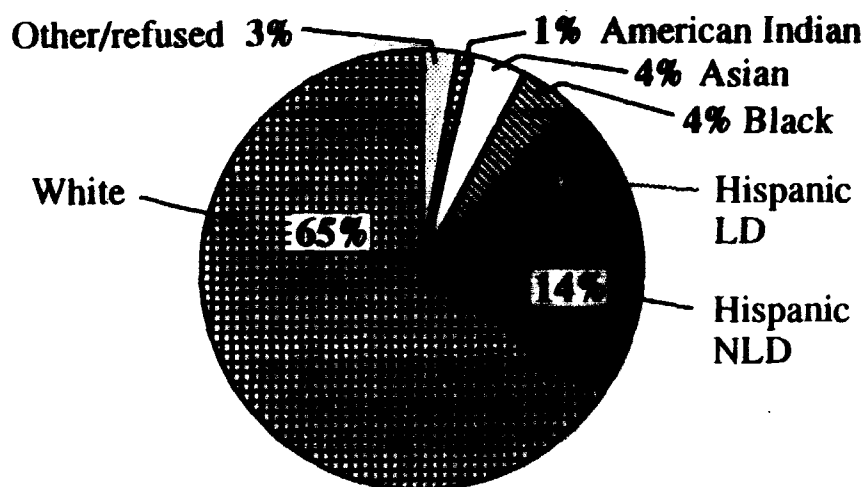
Amounts pay for telephone service
Company records: MTS usage, Total Billed Revenue
Respondent testimony: Basic monthly service, calls
Type of basic service (company records)
Other services have (company records)

Ethnic/Racial Make-up of Customers

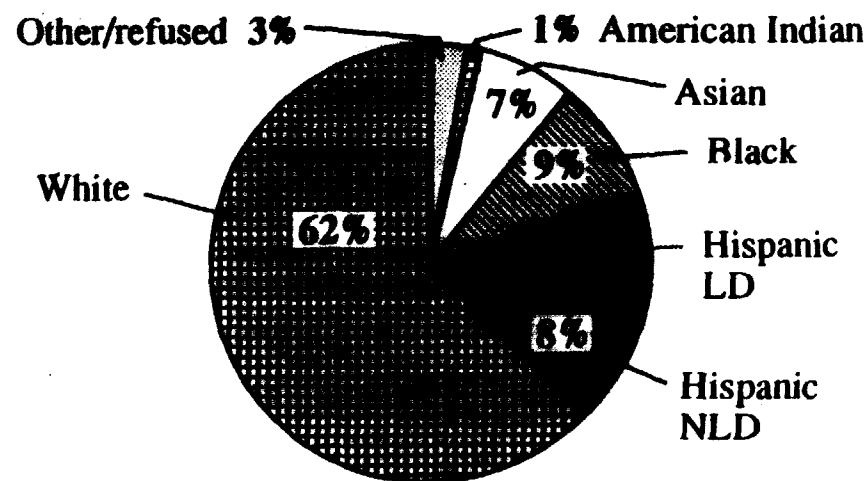
Total (GTE & PB combined) (n=2623)



GTE (n=1297)



Pacific Bell (n=1326)



Ethnic/Racial Make-up of Customers

Table 1.1

The table opposite shows the ethnic/racial make-up of each company's total residential customers.

Highlights

First, looking at both companies combined (on a weighted basis so the total reflects each company in proportion to its customer population size):

63% of the residential telephone customers served by either GTE or Pacific Bell in California are White. 19% are Hispanic; 8% are Black and 6% are Asian. Hispanics divide about equally into those who preferred to be interviewed in Spanish (9%, hereinafter referred to as language dependent or "LD") and those who preferred to be interviewed in English (10%, hereinafter referred to as non-language dependent or "NLD").

By company: The ethnic/racial make-up of customers varies only slightly by company -- GTE has slightly more Hispanics and more NLD Hispanics than Pacific Bell. GTE has fewer Asians: 4% vs. 7% for Pacific Bell.

Further Examination of Asian Customers

	<u>Total</u>	<u>GTE</u>	<u>PB</u>
	%	%	%
<i>Percent of customers who are —</i>			
Asian (net)	<u>6.3</u>	<u>4.2</u>	<u>6.9</u>
Chinese	1.9	1.3	2.1
Filipino	1.6	1.2	1.7
Japanese	0.8	0.6	0.8
Vietnamese	0.6	0.2	0.7
Korean	0.1	0.4	0.1
Laotian	0.2	-	0.2
Other Asian	0.9	0.4	1.0
Base	(2623)	(1297)	(1326)

Further Examination of Asian Customers

Table 1.2

Highlights

Among Asian customers interviewed in this study, Chinese and Filipino customers represent the largest single groups: each represents approximately 2% of the total residential customers interviewed, both companies combined. Only two other Asian groups represent as much as approximately 1% (each) of the total residential customers interviewed: Japanese and Vietnamese. Koreans represent 0.1% of the total residential customers interviewed.

By company: For GTE, no one Asian group represents more than 1.3% of its total residential customers. For Pacific Bell, Chinese are 2.1%, Filipinos are 1.7%, Japanese are 0.8% and Vietnamese are 0.7%. Koreans are just 0.1% of Pacific Bell's total residential customers.

NOTE: These data are based on a sample and should be used with some caution. While the amount of sampling error is quite small due to the large bases (about 1% to 2%), there is always the possibility of other sources of error when using the survey method. For example, in this particular case, the questionnaires were translated only into Chinese, Korean and Vietnamese. This means other Asian groups could have been under-represented to some degree.